

NORWAY



FOREIGN RELATIONS: Norway supports international cooperation and the peaceful settlement of disputes, recognizing the need for maintaining national defense through collective security. Accordingly, the cornerstones of Norwegian policy are active membership in the North Atlantic Treaty Organization (NATO) and support for the United Nations and its specialized agencies. Norway also pursues a policy of economic, social, and cultural cooperation with other Nordic countries--Denmark, Sweden, Finland, and Iceland--through the Nordic Council and bilaterally.

In addition to strengthening traditional ties with developed countries, Norway seeks to build friendly relations with developing countries and has undertaken humanitarian and development aid efforts with selected African and Asian nations. Norway also is dedicated to encouraging democracy, assisting refugees, promoting a global response to climate change and protecting human rights throughout the world.

U.S.-NORWAY RELATIONS: The United States and Norway enjoy a long tradition of friendly association. The relationship is strengthened by the millions of Norwegian-Americans in the United States and by about 20,000 U.S. citizens who reside in Norway. The two countries enjoy an active cultural exchange, both officially and privately.

GOVERNING JUSTLY AND DEMOCRATICALLY: The functions of the king are mainly ceremonial, but he has influence as the symbol of national unity. Although the 1814 constitution grants important executive powers to the king, these are almost always exercised by the Council of Ministers in the name of the king (King's Council). The Council of Ministers consists of a prime minister--chosen by the political parties represented in the Storting--and other ministers.

The 169 members of the Storting are elected from 19 fylker (counties) for 4-year terms according to a complicated system of proportional representation. After elections, the Storting divides into two chambers, the Odelsting and the Lagting, which meet separately or jointly depending on the legislative issue under consideration.

The special High Court of the Realm hears impeachment cases; the regular courts include the Supreme Court (17 permanent judges and a president), courts of appeal, city and county courts, the labor court, and conciliation councils. Judges attached to regular courts are appointed by the king in council after nomination by the Ministry of Justice.

Each fylke is headed by a governor appointed by the king in council, with one governor exercising authority in both Oslo and the adjacent county of Akershus.

INVESTING IN PEOPLE: Ethnically, Norwegians are predominantly Germanic, although in the far north there are communities of Sami who came to the area more than 10,000 years ago, probably from

central Asia. In recent years, Norway has become home to increasing numbers of immigrants, foreign workers, and asylum-seekers from various parts of the world. There are 423,000 immigrants and 86,000 Norwegian-born persons with immigrant parents living in Norway. The majority of immigrants are from Poland, Sweden, Germany, and Iraq. Thirty-six percent of immigrants have Norwegian citizenship.

Although the Evangelical Lutheran Church is the state church, Norway has complete religious freedom. Education is free through the university level and is compulsory from ages 6 to 16. At least 12 months of military service and training are required of every eligible male. Norway's health system includes free hospital care, physicians' compensation, cash benefits during illness and pregnancy, and other medical and dental plans. There is a public pension system.

Norway is in the top rank of nations in the number of books printed per capita, even though Norwegian is one of the world's smallest language groups. Norway's most famous writer is the dramatist Henrik Ibsen. Artists Edvard Munch and Christian Krogh were Ibsen's contemporaries. Munch drew part of his inspiration from Europe and in turn exercised a strong influence on later European expressionists. Sculptor Gustav Vigeland has a permanent exhibition in the Vigeland Sculpture Park in Oslo. Musical development in Norway since Edvard Grieg has followed either native folk themes or, more recently, international trends.

FOCUS ON PERFORMANCE: Until the 1981 election, Norway had been governed by majority Labor Party governments since 1935, except for three periods (1963, 1965-71, and 1972-73). The Labor Party lost its majority in the Storting in the 1981 elections.

From 1981 to 1997, governments alternated between Labor minority governments and Conservative-led coalition governments. The first government coalition led by Christian Democrat Kjell Magne Bondevik came to power in 1997, but fell in March 2000 over the issue of proposed gas-fired power plants, opposed by Bondevik due to their impact on climate change. The Labor Party's Jens Stoltenberg, a Brundtland protégé, took over in a minority Labor government but lost power in the September 2001 election when Labor posted its worse performance since World War I. Bondevik once again became Prime Minister, this time as head of a minority government with the Conservatives and Liberals in a coalition heavily dependent upon the right-populist Progress Party.

The September 2005 elections ended the Bondevik government, and the Labor Party came back with its most substantial victory in years, securing 60 of the 169 seats in parliament. While this election result once more made Labor the undisputed heavyweight in Norwegian politics, Stoltenberg, chastened by his previous stint as the head of a minority government, reached out to the far left Socialist Left party and agrarian Center party to form a coalition government that commanded a majority of seats in parliament. The current government is the first majority government in Norway in over 20 years, but the governing coalition has had to bridge substantial policy differences to build this majority.

The new government that took office in October 2005 issued a Northern Policy that represented a compromise among petroleum, fishing, and environmental interests in the use of Norway's northern offshore area. This "High North" strategy has remained one of the constant themes of this government

and encompasses many of the government's highest priorities, including environmental protection, responsible development of energy resources, maintaining a security presence in the Arctic, and developing Norway's relations with Russia.

ECONOMIC GROWTH: Norway is one of the world's richest countries in per capita terms. It has an important stake in promoting a liberal environment for foreign trade. Its large shipping fleet is one of the most modern among maritime nations. Metals, pulp and paper products, chemicals, shipbuilding, and fishing are the most significant traditional industries.

Norway's emergence as a major oil and gas producer in the mid-1970s transformed the economy. Large sums of investment capital poured into the offshore oil sector, leading to greater increases in Norwegian production costs and wages than in the rest of Western Europe up to the time of the global recovery of the mid-1980s. The influx of oil revenue also permitted Norway to expand an already extensive social welfare system. Norway has established a state Petroleum Fund that exceeded \$388 billion by the end of December 2007. The fund is primarily designed to help finance government programs once oil and gas resources become depleted. Norway is currently enjoying large foreign trade surpluses thanks to high oil prices. Although Norway's unemployment rate has had a slight increase due to the international credit crisis, it still remains low (2.8% range). As yet, the country does not have a significant industrial or manufacturing base and, in banking and financial services, the country is in the process of liberalizing and consolidating the industry. Norway's restricted labor market has limited the country's ability for mainland growth, although growth in the service sector has been stronger than in manufacturing. Labor costs have increased at a rate higher than its major trade rivals, causing a continued loss in Norway's competitive advantage. The Organization for Economic Cooperation and Development (OECD) has applauded Norway's strong economy. Growth was expected to continue in 2008.

Norway voted against joining the European Union (EU) in a 1994 referendum. With the exception of the agricultural and fisheries sectors, however, Norway enjoys free trade with the EU under the framework of the European Economic Area. This agreement aims to apply the four freedoms of the EU's internal market (goods, persons, services, and capital) to Norway. As a result, Norway normally adopts and implements most EU directives. The present government has agreed not to open the question of full membership in the EU during the 2005-2009 legislative term. Norwegian monetary policy is aimed at maintaining a stable exchange rate for the krone against European currencies, of which the euro is a key operating parameter. Norway is not a member of the EU's Economic and Monetary Union and does not have a fixed exchange rate. Its principal trading partners are in the EU; the United States ranks sixth.